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INFO: ODPS-S, RF, FILE, D/DCI, DDO-4, CS/RF, DDA, ACTION: NONE AGC/DDDXC/CI, C/CRG-3, C/FR, C/IAD/SOG, C/IAD/TG, C/LA, C/PCS, D/OCR-3, D/OMS, D/ORPA-12, D/OSO, D/SWS, DDO/DO, NIO/LA. (39/W).

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PAGE 001 TOR: 180920Z SEP 78.

NC 1280740

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TAGS: PINT, PINS, CASC, NU

SUBJECT: SITREP NICARAGUA: SEPTEMBER 17 (NO.

- 1. FOLLOWING IS TEXT OF SITUATION REPORT PREPARED AND DIS-SEMINATED BY NICARAGUA WORKING GROUP AS OF 2130, SEPTEMBER 17
- GUARDIA NACIONAL (GN) UNITS CONTINUE THEIR EFFORTS TO REGAIN CONTROL IN ESTELI AND CHINANDEGA. EARLIER IN THE DAY, FSLN FORCES WERE REPORTED TO HAVE ATTACKED RIVAS IN SOUTHERN NICARAGUA AND LAS MANOS, ON THE NORTHERN BORDER WITH HONDURAS. THE ATTACKING FORCES ARE OF APPROXIMATELY THE SAME STRENGTH AS THOSE WHICH EARLIER ATTACKED LEON. THE GON CLAIMS TO BE IN FULL CONTROL OF THE SOUTHERN BORDER CROSSING POINT AT PENAS BLANCAS. GN RADIO REPORTED THE FSLN TAKEOVER OF SANTA CRUZ (A TOWN BETWEEN MANAGUA AND ESTELI). ACCORDING TO A HIGH-LEVEL GN OFFICER, THE NUMBER OF DEAD IN LEON IS UNOFFICIALLY ESTIMATED TO BE 2,000. IN TELEPHONE CONVERSATION (1315 HOURS (ETD), 17 SEPTEM-

STATE

78 1280740

PAGE 002 TOR: 180920Z SEP 78

NC 1280740

BER) PRESIDENT SOMOZA ADVISED AMBASSADOR SOLAUN THAT THE "SITUATION IS VERY SERIOUS." SOMOZA EXPRESSED VIEW "INTER-AMERICAN SYSTEM ON VERGE OF BREAKDOWN, " AND SAID THAT SINCE 0400 HOURS SEPTEMBER 17 THERE HAD BEEN 36 BAZOOKA ROUNDS FIRED FROM CR AT GN FORCES, KILLING EIGHT. SOMOZA SAID HE FOUND IT ABSURD THAT PEOPLE COULD CROSS IN AND OUT OF COSTA RICA AT WILL AND FOUND ALARMING THE THREATS OF A MAJOR INVASION FROM CR, WHERE RADIO RELOJ HAD BECOME RADIO REBELDE (REBEL). NICARAGUAN AMBASSADOR TO US (SEVILLA SACASA) ON INSTRUCTIONS FROM SOMOZA, REPORTED SAME INFOR-MATION TO USOAS AND ALTHOUGH ADMITTING THE SITUATION WAS UNCLEAR, APPEARED TO IMPLICATE GOOR.

EMBASSY SAN JOSE RELAYED REPORT FROM CR MINISTER IN-TERIOR, MADE TO CR PRESIDENT CARAZO, THAT FSLN HAS CONTROL OF THE BORDER STATION AT PENAS BLANCAS, NICARAGUA, AND THAT IT IS RUMORED ON WILL ATTACK AT NIGHTFALL SEPTEMBER 17 AND SURROUND PENAS BLANCAS ON BOTH SIDES OF FRONTIER TO CREATE ANOTHER INCIDENT. PRESIDENT CARAZO SAID HE WAS NOT ABLE TO JUDGE CREDIBILITY OF THE STORY, BUT THAT HE WOULD KEEP THE COSTA RICANS BACK TO AVOID PROBLEMS. WE INSTRUCTED OUR AMBASSADOR IN NICARAGUA TO TELL PRESI-D ENT SOMOZA THAT WE HAD SUCH AN UNCONFIRMED REPORT AND, IN THE ABSENCE OF A DENIAL, TO EXPRESS OUR CONCERN THAT ANY PENETRATION OF COSTA RICAN TERRITORY WOULD BE INFLAM-MATORY AND COUNTER-PRODUCTIVE TO THE PURPOSE OF THE DAS FACT-FINDING TEAM NOW IN COSTA RICA AND TO NICARAGUA'S OWN POSITION. PRESIDENT SOMOZA DENIED ANY PLAN FOR GN TROOPS TO ENTER COSTA RICA, SAID PENAS BLANCAS IS UNDER GON CONTROL AND EXPRESSED HIS DESIRE THAT THE OAS FACT-FINDING TEAM ACHIEVE ITS OBJECTIVE. (EXDIS)

OUR AMBASSADOR IN SAN JOSE RAISED ON SEPTEMBER 17 WITH CR PRESIDENT CARAZO THE QUESTION OF FUTURE PLANS FOR VISITING AIRCRAFT FROM VENEZUELA AND PANAMA. CARAZO RES-PONDED THAT ONCE THE OAS TEAM GETS GOING HE WILL THINK ABOUT REDUCING THE NUMBER OF AIRCRAFT AND RECOGNIZES THE ADVANTAGES OF DOING SO SOONEST. CARAZO ADDED THAT THE AIRCRAFT WERE THERE NOT BECAUSE HE IS CONCERNED BUT RATHER SOMOZA'S MENTAL STATE. EVENTS OF THE PAST WEEK, CARAZO NOTED, MADE IT CLEAR WHY HE FELT THAT WAY. IN A CONVER-



UNCLASSIFIED

STATE

78 1280740

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PAGE 003 TOR: 180920Z SEP 78 NC 1280740

SATION IN PANAMA WITH USCINCSO ON SEPTEMBER 17, OMAR TORRIJOS ALSO RAISED THE ISSUE OF SOMOZA'S MENTAL STATE, TERMING THE NICARAGUAN PRESIDENT MENTALLY UNBALANCED, NO LONGER IN CONTROL OF THE SITUATION IN NICARAGUA, AND NOT CAPABLE OF LASTING MORE THAN ANOTHER TEN DAYS. (EXDIS)

-- WHILE VISITING OUR MANAGUA EMBASSY SUNDAY AFTERNOON, A LEADING OPPOSITIONIST, ALFONSO ROBELD, INDICATED THE NATIONAL WORK STOPPAGE WILL CONTINUE. HE EXPLAINED THAT THIS ACTION WAS NECESSARY BECAUSE WHEN MEDIATORS ARRIVE THE DEMOCRATIC OPPOSITIONISTS WANT THEIR ANTI-SOMOZA

SENTIMENT AND COMMITMENT TO BE OBVIOUS. IN ADDITION TO POLITICAL REASONS FOR CONTINUING WORK STOPPAGE, THERE IS AN ECONOMIC JUDGMENT THAT BUSINESSMEN WILL NOT LOSE MUCH.

- -- PRESIDENT ROMERO OF EL SALVADOR ORDERED HIS FONMIN, RODRIGUEZ PORTH, BACK FROM EUROPE. RODRIGUEZ PORTH WILL FLY TO WASHINGTON SUNDAY, TO PARTICIPATE IN OAS ACTIONS ON MONDAY AS WELL AS ANY MEETING OF FOREIGN MINISTERS WHICH, IF CALLED, EL SALVADOR WILL SUPPORT.
- -- NICARAGUAN AMBASSADOR TO GUATEMALA, EDMUNDO MENESES, WAS PRONOUNCED OUT OF DANGER FOLLOWING SUCCESSFUL SURGERY TO REMOVE FIVE BULLETS FROM HIS BODY.
- -- HURRICANE GRETA, A MAJOR CARIBBEAN STORM, EARLIER REPORTED HEADING TOWARD NICARAGUA'S NORTHEAST COAST, MAY HAVE SHIFTED COURSE FARTHER NORTH, TOWARD GUATEMALA AND BELIZE.
- -- GON MINISTER OF EDUCATION HAS ANNOUNCED A NATIONAL SCHOOL "HOLIDAY" PERIOD SEPTEMBER 18-23. NEVERTHELESS, THE SCHOOL BOARD OF AMERICAN/NICARAGUAN SCHOOL PLANS TO HOLD CLASSES WITH PARENTS PROVIDING TRANSPORTATION.
- THE RIGHTIST FACTIONS TEND TO SYMPATHIZE WITH SOMOZA AND TO ABHOR THE SANDISTAS, THERE IS NO INDICATION THAT GOES HAS DISPATCHED ANY MATERIAL OR MILITARY ASSISTANCE TO NICARAGUA. THE EMBASSY, HOWEVER, HELTEVES, THAT SUBVER-

UNCLASSIFIED

STATE

78 1280740

PAGE 004 TOR: 180920Z SEP 78 NC 1280740

SIVE GROUPS FROM EL SALVADOR'S RADICAL LEFT MAY BE CONTRIBUTING SUPPORT TO SANDINISTA FORCES. OUR EMBASSY ALSO REPORTS THE WIDESPREAD LOCAL VIEW THAT IF SOMOZA'S GOVERNMENT FALLS, EL SALVADOR WILL BE THE NEXT CENTRAL AMERICAN GOVERNMENT ON THE FIRING LINE. SALVADOR'S PRESIDENT ROMERO SEES VENEZUELA AS HAVING ERRED IN DISPATCHING MILITARY AIRCRAFT TO COSTA RICA SINCE THE MORAL AUTHORITY OF THE VENEZUELAN INITIATIVE IN THE OAS WAS THEREBY DIMMINISHED.

THE HONDURAN RED CROSS REPORTS ASSISTING 1800 REFUGEES IN TRIUNFO, NEAR HONDURAS' SOUTHERN BORDER WITH NICARAGUA AND 1100 IN CHOLUTECA, IN THE SAME GENERAL AREA. THESE NUMBERS CONTRAST WITH BUT 500 REFUGEES 24 HOURS AGD. THE RED CROSS EXPECTS 300 MORE REFUGEES TODAY AND 6,000 MORE BY THE END OF THE WEEK. VANCE

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END OF MESSAGE